

UMASIPALATI MHLONTLO
MHLONTLO MUNICIPALITY

2012/2013 BUDGET AND MTREF

SCHEDULE A

ANNUAL BUDGET OF MHLONTLO MUNICIPALITY AND SUPPORTING DOCUMENTATION

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|--|
| AMR | Automated Meter Reading | MIG | Municipal Infrastructure Grant |
| ASGISA | Accelerated and Shared Growth Initiative | MMC | Member of Mayoral Committee |
| BPC | Budget Planning Committee | MPRA | Municipal Properties Rates Act |
| CBD | Central Business District | MSA | Municipal Systems Act |
| CFO | Chief Financial Officer | MTEF | Medium-term Expenditure Framework |
| CM | District Municipality Manager | MTREF | Medium-term Revenue and Expenditure Framework |
| CPI | Consumer Price Index | NERSA | National Electricity Regulator of South Africa |
| CRRF | Capital Replacement Reserve Fund | NGO | Non-Governmental organisations |
| DBSA | Development Bank of South Africa | NKPIs | National Key Performance Indicators |
| DoRA | Division of Revenue Act | NT | National Treasury |
| DWA | Department of Water Affairs | OHS | Occupational Health and Safety |
| EE | Employment Equity | OPMS | Organisational Performance Management System |
| EEDSM | Energy Efficiency Demand Side Management | PBO | Public Benefit Organisations |
| EM | Executive Mayor | PHC | Provincial Health Care |
| FBS | Free basic services | PMS | Performance Management System |
| GAMAP | Generally Accepted Municipal Accounting Practice | PPE | Property Plant and Equipment |
| GDP | Gross domestic product Strategy | PPP | Public Private Partnership |
| GFS | Government Financial Statistics | PT | Provincial Treasury |
| GRAP | General Recognised Accounting Practice | PTIS | Public Transport Infrastructure System |
| HR | Human Resources | RG | Restructuring Grant |
| HSRC | Human Science Research Council | RSC | Regional Services Council |
| IDP | Integrated Development Strategy | SALGA | South African Local Government Association |
| INEP | Integrated National Electrification Program | SAPS | South African Police Service |
| IT | Information Technology | SDBIP | Service Delivery Budget Implementation Plan |
| kℓ | kilolitre | SMME | Small Micro and Medium Enterprises |
| km | kilometre | | |
| KPA | Key Performance Area | | |
| KPI | Key Performance Indicator | | |
| kWh | kilowatt | | |
| ℓ | litre | | |
| LED | Local Economic Development | | |
| MEC | Member of the Executive Committee | | |
| MFMA | Municipal Financial Management Act | | |

1.1 MHLONTLO LOCAL MAYORS BUDGET SPEECH

Honourable Speaker
Executive members
Councillors
Traditional Leaders
Council of Churches
Community at Large
Officials

I greet you all in the name of service delivery.

The functions of the Council centres around promoting the interests of its ratepayers, employees residents and customers by striving to render the highest quality of services, advancing the interests of its employees by providing safe, secure and satisfying working environments.

A further important challenge facing Council is to improve the financial position of Mhlontlo Local Municipality. In particular an improvement in the collection of long outstanding debtor's balances is critical if the Council it to achieve its goals. The unfortunate part is that the unemployment rate in the area has worsened causing many residents not to be able to pay for services. Our ability to render services will be threatened in our financial status and we hope that workable solutions will be found soon challenge.

As we strive towards impacting rural livelihood for the better in local Municipality of Mhlontlo, amongst the compliance issues is the submission of the MTREF budget as prescribed in section 126 of the Local Government: Municipal Finance Management Act 56 of 2003

I therefore submit 2012/13 Budget. The Council remains committed in improving its service delivery even though our budget is limited as the municipality is solely depending on grants and hoping to meeting the challenges it faces and hopefully in future years, I will be able to report positively on the progress we have made in this regard.

Following are the major activities that the municipality will be engaged in in the 2012/2013 financial year.

- Electrification of the households without electricity.
- Ensure the construction of roads.
- Alleviation of poverty through: Free Basic Services to the Indigent communities.
- As well as LED projects.

As much as some of other services are under the OR Tambo District Municipality, Mhlontlo Municipality will ensure that working relations are improved so as to improve service delivery.

In conclusion I would like to ensure our community that though the budget is limited but Mhlontlo municipality will remain improving its service delivery. I also would like express my appreciation to my

fellow Council members, the Municipal Manager, The Chief Financial Officer and all other staff for their support, cooperation and hard work during the preparation of the budget as well as IDP.

.....
Cllr T.N. Sabisa
Executive Mayor – Mhlontlo Municipality

1.2 COUNCIL RESOLUTIONS

On 29 March 2012 the Council of Mhlontlo Municipality met in the Council Chambers to consider the first draft of the annual budget of the municipality for the financial year 2012/13. The Council was to note the budget:

1. The Council of Mhlontlo Municipality, acting in terms of section 16 and 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 17;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 19;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 20; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 21.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 15 on page 22;
 - 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 23;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 24;
 - 1.2.4. Asset management as contained in Table 18 on page 25; and
 - 1.2.5. Basic service delivery measurement as contained in Table 19 on page 27.
2. The Council of Mhlontlo Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) note the tariffs with effect from 1 July 2012.
3. To give proper effect to the municipality's annual budget, it must further be noted that:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality as required by section 23, 24 and 25 of Municipal Systems act (act 32 of 2000) undertook a strategic planning session with a sole mandate of developmental oriented planning so as to have a Integrated Developmental plan with implementable strategies and prioritisation of projects in compliance with section 29 of Municipal Systems act (34 of 2000). Alignment of strategic objectives, priorities and budget was undertaken. The draft IDP has been tabled to the council and further consultations with community, IGR structures and other stakeholders will be undertaken.

1.3.1 The Budget Process

The 2012/13 to 2014/15 Budget preparation commenced in August 2011 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA).

An overview of the Operating and Capital Budgets respectively, with high level tables, will provide an overall picture of the Municipality's finances. The municipality has committed itself in ensuring that it implements its turnaround strategy of clean audit by 2014 .

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. Table 3 illustrates the link between the IDP and Budget.

1.3.2 Guidelines

The assumptions and principles applied in the development of this Budget are based upon guidelines received from National and Provincial Treasury using Circulars 51, 54, 58 and 59; regulatory institutions such as the National Electricity Regulator of South Africa (NERSA); the South African Local Government Bargaining Council and SALGA .

The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

As a strategy the following guidelines were also used to compile the 2012/13 to 2014/15 Operating and Capital budgets:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.

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- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Directors.
- The need to enhance the municipality's revenue base.

1.3.3 Budget assumptions

1.3.3.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 36% of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.3.3.2 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (95%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.3.3.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. It has been capped at 7.5% as per SALGA Bargaining Council

1.3.3.5 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions.

1.3.4 Operating Budget

The Operating Budget totals R118 million, which funds the continued provision of services provided by the Municipality.

Funding is obtained from various sources, the major sources being service charges such as Licensing , refuse collection and disposal (1%), property rates (4%), grants and subsidies received from National and Provincial Governments (92%) and other income at (3%).

In order to support the 2012/13 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2012:

TABLE 1 : EC 156 Mhlontlo Rates and Tariff increases

| | 2012-13 | 2013-14 | 2014-15 |
|--------|----------------|----------------|----------------|
| Rates | 4% | 4% | 4% |
| Refuse | 2% | 2% | 2% |

The municipality's own revenue base is very limited. The growth in the property market is stunted as a large proportion of the municipal area is rural, with very limited infrastructure that is ageing and dilapidating. Our current operating budget cannot handle the need to address infrastructure maintenance and backlogs. This requires substantial cash resources. The presidential intervention is the current solution at this point. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. The 2012/13 Budget has provisions for repairing plant and machinery. This fleet will be operational and will assist in improving infrastructure maintenance levels.

1.3.5 Free Basic Services

The municipality currently provides and has budgeted for the following benefits to registered indigent households:

- Electricity: A subsidy of fifty (50) units of electricity per property per month to registered households will apply.
- Alternative energy (paraffin) which is 20L per house hold will be applied for the duration of 2012/2013 financial year.
- Refuse Removal: A subsidy, not more than the applicable tariff for the 2012/13 financial year, will be applied for the duration of the financial year.

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In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 2 : EC 156 Mhlontlo Consolidated Overview of the 2011/12 MTREF

| Description | Adjusted Budget | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|---|------------------------|------------------------|
| | | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| High Level Outcome of Funding Compliance | | | | |
| Total Operating Revenue | 106460 | 118060 | 124458 | 135282 |
| Total Operating Expenditure | 97213 | 104006 | 109592 | 116643 |
| Surplus/(Deficit) Budgeted Operating Statement | 9247 | 14024 | 14876 | 18639 |
| Total Capital Funding | 52593 | 64536 | 76888 | 89509 |

Total operating revenue has increased by 10 % or R11.6 million for the 2012/13 financial year when compared to the 2011/12 Adjusted Budget. This was a result of large increases in the anticipated operational transfers (R20m) in the 2012/2013 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R104 million and translates into a budgeted surplus of R14 million.

Total Capital Budget for 2012/13 totals R64,5 million and is more than the adjusted budget for 2011/12 of R52.5 million by 23%. This is largely attributable to the increase in anticipated capital transfers from R43m to R63m in the 2012/13 financial year. The Capital Program is funded through revenue generated from operations (21%) and Government grants (79%) . Grants and subsidies are mainly MIG and INEP.

1.3.6 MFMA and related legislation

Below are the legislative requirements that guide the budget preparation process:

Municipal Structures Act

The Municipal Structures Act (No. 117 of 1998) as amended, under section 56: Functions and Powers of Executive Mayor, states that the Executive Mayor shall-

- “(a) identify the needs of the municipality;
- (b) Review and evaluate those needs in order of priority;

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- (c) recommend to the municipal Council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and
- (d) Recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.”

Legislation also requires municipalities to compile operating and capital budgets on an annual basis. The operating and capital budgets must balance (i.e. may not reflect a deficit) and must be prepared in accordance with the integrated development plan.

Municipal Finance Management Act

Section 16 (2) of the Municipal Finance Management Act No. 56 of 2003, (MFMA) dealing with legislative compliance regarding the tabling of the annual budget states inter alia that:

“.., the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 21(1) of the MFMA, which deals with the Budget preparation process, stipulates that the Executive Mayor must-

- “(a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality’s integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;
- (b) at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for-
 - (i) the preparation, tabling and approval of the annual budget;
 - (ii) the annual review of-
 - (aa) the integrated development plan in terms of Section 34 of the Municipal Systems Act; and
 - (bb) the budget related policies
 - (iii) The tabling and adoption of any amendments to the integrated development plan and the budget related policies; and
 - (iv) Any consultative processes forming part of the processes referred to in sub-paragraphs (i), (ii) and (iii).

The approval of the Budget is regulated by Section 24 of the MFMA, which states as follows-

- (1) The municipal council must at least 30 days before the start of the budget year

consider approval of the annual budget;

(2) An annual budget-

- (a) must be approved before the start of the budget year;
- (b) must be approved together with the adoption by the council of the resolutions as may be necessary for-
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and approving any changes to the municipality's budget-related policies."

Below is a discussion of the Municipality's progress relating to the implementation of the MFMA:

1.3.7 Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an on-going basis through reporting via its Committees, including the following:

- The Municipal Manager's Management Team includes all section 57 managers, which meets monthly and attends to MFMA issues requiring attention.
- The Finance and Asset Management Committee – a standing committee of the Council, which meets monthly. The committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.
- Meetings between the Municipal Manager, CFO and section 57 managers to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.

The following reflects the status of implementation of some of the key MFMA areas:

1.3.8 IDP

The IDP review process is in progress and a draft 2012/13 IDP has been developed. The IDP includes specific deliverables that form the basis for the Budget and SDBIP.

1.3.9 Budget Reporting Formats

As part of its budget reforms, National Treasury released a budget formats guide. This budget formats guide has been imposed through Budget and Reporting Regulations, which specifies the required tables to be published with the municipality's budget document.

The objectives of the budget formats reforms are as follows:

- To ensure that municipal budget and financial reporting formats support the other financial management reforms introduced by the MFMA;
- To improve the local government spheres' ability to deliver basic services by – addressing issues of financial sustainability; and facilitating informed policy choices and medium term planning of service delivery.
- To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy, and reliability

of budgets and in-year reports of municipalities and municipal entities.

A description of the purpose and relevance of each budget table is provided further in this report.

1.3.10 SDBIP

The 2012/13 draft SDBIP document will ~~been~~ developed, within the prescribed timeframes as required by the MFMA. This document contains the specific performance measures relating to the IDP objectives, which are incorporated into the Budget. The content of the SDBIP is reflected in the Municipal Manager and the section 57 manager's performance contracts.

1.3.11 Annual Report

The Annual Report for the 2010/2011 has been compiled and tabled before Council on the 31st January 2012, as required by the MFMA (S127). It is due for adoption on the 30th March 2012.

The 2010/11 annual financial statements had some improvements as the municipality moved from a disclaimer to a qualified opinion on the financial statements.

1.3.12 Oversight Report

The Speaker has lead the oversight process for the 2010/11 financial year, which complies with the MFMA and NT guidance with an Oversight Committee. The oversight report is scheduled to be adopted on 30 March 2012.

1.3.13 In-Year Reporting

The municipality submits the various reports required in accordance with the MFMA to the Executive Mayor, Council, and National Treasury on an on-going basis.

1.3.14 Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and Supply Chain Management Regulations.

All the required committee structures are in place and are functioning. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines.

1.3.15 Budget and Treasury Office

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

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1.3.16 Alignment of budget with IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community. All the plans for Mhlontlo municipality form the basis of the 5 year IDP and is particularly strong on integration, consultation and public participation. The plan provides a comprehensive Spatial Development Framework which sets a basis for integrated implementation in a systematic approach. The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget are aligned.

The 2012/13 to 2014/15 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Service delivery under conditions of good governance
- Financial planning and Viability
- Institutional Development and Transformation
- Local Economic Development
- Good governance and public participation

The above mentioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings will be held throughout the municipal area to consult with the elected public representatives. The feedback flowing from these meetings will be referred to the relevant departments for their attention.

Below is a table, which illustrates the link between the Budget and the IDP.

Table 3 : EC156 Mhlontlo - Supporting Table SA7 Measureable performance objectives

| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|------------------------------|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Vote 1 - vote name | | | | | | | | | | |
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| Sub-function 2 - (name) | | | | | | | | | | |
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| Sub-function 3 - (name) | | | | | | | | | | |
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| Sub-function 3 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| Vote 3 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
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| Sub-function 3 - (name) | | | | | | | | | | |
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| And so on for the rest of the Votes | | | | | | | | | | |

1.3.17 Funding of the budget

The budget is funded from two major sources:

- Realistic expected revenue from operations (Property rates and service charges)
- Grants and subsidies (cash backed allocations from government)

1.3.18 Overview of the Projected Financial Performance

The municipality's financial performance and position is gradually improving for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Improved revenue collection rates being achieved.

1.4 OPERATING REVENUE FRAMEWORK

For Mhlontlo Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

In the 2011/12 financial year the municipality achieved a collection rate of 80% on the revenue billed in the year. This has to been maintained in the 2012/13 financial period, with still some challenges from household revenue collections. The projected collection rate is at 95%, as measures are currently being implemented to collect old household debt and all currently billed revenue.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

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Table 4 : EC156 Mhlontlo – MBRR Table A1 Budget Summary

| Description R thousands | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
|--|---|------------------------------|--------------------------------|------------------------|---------------------------|---------------------------|
| | Original Budget 2011/2012 | Adjusted Budget 2011/2012 | Pre-audit outcome 2011/2012 | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Financial Performance | | | | | | |
| Property rates | 2 479 | 4 605 | – | 7 713 | 8 098 | 8 503 |
| Service charges | 760 | 206 | – | 541 | 569 | 599 |
| Investment revenue | – | – | – | 725 | 764 | 805 |
| Transfers recognised - operational | – | – | – | 104 793 | 111 412 | 121 552 |
| Other own revenue | 8 240 | 12 776 | – | 4 258 | 3 626 | 3 822 |
| Total Revenue (excluding capital transfers and contributions) | 11 480 | 17 587 | – | 118 030 | 124 468 | 135 282 |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating grants and transfers totals R104.793 million in the 2011/12 financial year and steadily increases to R121.552 million by 2014/15.

Table 5 : EC156 Mhlontlo - Supporting Table SA18 Transfers and grant receipts

| Description R thousand | Ref | 2010/11 | Current budget year 2011/2012 | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----------------|----------------------------------|--------------------|---|---------------------------|---------------------------|
| | | Audited Outcome | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| RECEIPTS: | 1, 2 | | | | | | |
| - <u>Operating Transfers and Grants</u> | | | | | | | |
| National Government: | | – | – | – | – | – | – |
| Local Government Equitable Share | | | | | | | |
| Other transfers/grants [insert description] | | | | | | | |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provincial Government: | | - | - | - | - | - | - |
| Other transfers/grants (insert description) | | | | | | | |
| District Municipality: | | - | - | - | - | - | - |
| (insert description) | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - |
| (insert description) | | | | | | | |
| Total Operating Transfers and Grants | 5 | - | - | - | - | - | - |
| <u>Capital Transfers and Grants</u> | | | | | | | |
| National Government: | | - | - | - | - | - | - |
| Other capital transfers/grants (insert desc) | | | | | | | |
| Provincial Government: | | - | - | - | - | - | - |
| Other capital transfers/grants (insert description) | | | | | | | |
| District Municipality: | | - | - | - | - | - | - |
| (insert description) | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - |
| (insert description) | | | | | | | |
| Total Capital Transfers and Grants | 5 | - | - | - | - | - | - |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | | - | - | - | - | - | - |

MHLONTLO MUNICIPALITY 2012/2013 MTREF

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan and
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 6 : EC156 Mhlontlo - Table A1
Budget Summary

| Description R thousands | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Employee costs | 23 560 | 26 319 | 34 939 | 36 868 | 34 944 | 34 944 | – | 48 222 | 51 808 | 55 657 |
| Remuneration of councillors | – | – | – | 11 801 | 12 207 | 12 207 | – | 12 421 | 13 290 | 14 287 |
| Depreciation & asset impairment | – | – | – | – | – | – | – | – | – | – |
| Finance charges | – | – | – | – | – | – | – | – | – | – |
| Materials and bulk purchases | – | – | – | – | 946 | 946 | – | 500 | 527 | 552 |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 25 529 | 12 585 | 3 370 | 3 486 | 49 116 | 49 116 | – | 42 864 | 43 967 | 46 147 |
| Total Expenditure | 49 089 | 38 904 | 38 309 | 52 156 | 97 213 | 97 213 | – | 104 006 | 109 592 | 116 643 |

The major expenditure items are employee costs (36%), general expenses (22%), repairs and maintenance (2%) and Capital contributions (40%).

MHLONTLO MUNICIPALITY 2012/2013 MTREF

1.6 CAPITAL EXPENDITURE

The following table reflects the capital budget of the municipality over the 2012/13 MTREF

Table 6 : EC156 Mhlontlo - Table A1 Budget Summary

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 15 806 | 26 497 | 79 032 | 47 481 | 52 593 | 52 593 | – | 64 536 | 76 888 | 89 509 |
| Transfers recognised - capital | 15 806 | 26 497 | 79 032 | – | 43 346 | 43 346 | – | 63 645 | 76 811 | 89 428 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | – | – | – | 9 247 | 9 247 | – | 891 | 76 | 81 |
| Total sources of capital funds | 15 806 | 26 497 | 79 032 | – | 52 593 | 52 593 | – | 64 536 | 76 888 | 89 509 |

For the 2012/13 budget period capital expenditure is only projected at R64 m, funded from government grants to the tune of R63.6 m and only R891 k from own revenue.

ONGOING ISSUES REQUIRING MONITORING AND EVALUATION

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in roads, electricity and municipal properties
- Staffing requirements and the impact on the personnel expenditure target;
- Acceptance and implementation of unfunded mandates; e.g. Disaster management and Library Services;
- Improving on current collection rates especially household debt

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1.8 Annual Budget Tables

The 18 following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 7 : EC156 Mhlontlo - MBRR Table A1 Budget Summary

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 1 546 | 1 923 | 1 200 | 2 479 | 4 605 | 4 605 | – | 7 713 | 8 098 | 8 503 |
| Service charges | 592 | 655 | 300 | 760 | 206 | 206 | – | 541 | 569 | 599 |
| Investment revenue | – | – | – | 604 | 686 | 686 | – | 725 | 764 | 805 |
| Transfers recognised - operational | 33 772 | 41 108 | 57 795 | 81 880 | 84 922 | 84 922 | – | 104 | 111 | 121 |
| Other own revenue | 25 415 | 5 709 | 11 230 | 9 594 | 16 039 | 16 039 | – | 793 | 412 | 552 |
| | | | | | | | | 4 258 | 3 626 | 3 822 |
| Total Revenue (excluding capital transfers and contributions) | 61 324 | 49 395 | 70 525 | 95 318 | 106 459 | 106 459 | – | 118 030 | 124 468 | 135 282 |
| Employee costs | 23 560 | 26 319 | 34 939 | 36 868 | 34 944 | 34 944 | – | 48 222 | 51 808 | 55 657 |
| Remuneration of councillors | – | – | – | 11 801 | 12 207 | 12 207 | – | 12 421 | 13 290 | 14 287 |
| Depreciation & asset impairment | – | – | – | – | – | – | – | – | – | – |
| Finance charges | – | – | – | – | – | – | – | – | – | – |
| Materials and bulk purchases | – | – | – | – | 946 | 946 | – | 500 | 527 | 552 |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 25 529 | 12 585 | 3 370 | 3 486 | 49 116 | 49 116 | – | 42 864 | 43 967 | 46 147 |
| | | | | | | | | 104 006 | 109 592 | 116 643 |
| Total Expenditure | 49 089 | 38 904 | 38 309 | 52 156 | 97 213 | 97 213 | – | 104 006 | 109 592 | 116 643 |
| Surplus/(Deficit) | 12 236 | 10 491 | 32 216 | 43 162 | 9 246 | 9 246 | – | 14 024 | 14 876 | 18 639 |
| Transfers recognised - capital | – | – | – | – | 43 346 | 43 346 | – | 52 448 | 64 167 | 75 842 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | – | 66 472 | 79 043 | 94 481 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | – | 66 472 | 79 043 | 94 481 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 15 806 | 26 497 | 79 032 | 47 481 | 52 593 | 52 593 | – | 64 536 | 76 888 | 89 509 |
| Transfers recognised - capital | 15 806 | 26 497 | 79 032 | – | 43 346 | 43 346 | – | 63 645 | 76 811 | 89 428 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | – | – | – | 9 247 | 9 247 | – | 891 | 76 | 81 |
| Total sources of capital funds | 15 806 | 26 497 | 79 032 | – | 52 593 | 52 593 | – | 64 536 | 76 888 | 89 509 |
| Financial position | | | | | | | | | | |
| Total current assets | 6 013 | 16 606 | 32 043 | – | – | – | – | 18 577 | – | – |
| Total non current assets | – | 26 497 | 49 246 | 41 362 | 52 593 | 52 593 | – | – | – | – |
| Total current liabilities | 11 153 | 12 731 | 19 473 | – | – | – | – | (19 634) | – | – |

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| | | | | | | | | | | |
|--|---------|----------------|----------------|----------------|----------------|----------------|-------|----------------|----------------|----------------|
| Total non current liabilities | - | - | - | - | - | - | - | - | - | - |
| Community wealth/Equity | (5 141) | 30 372 | 61 816 | - | - | - | - | - | - | - |
| <u>Cash flows</u> | | | | | | | | | | |
| Net cash from (used) operating | 12 194 | 25 154 (29) | 28 691 (22) | 47 481 (47) | 52 593 (52) | 52 593 (52) | - | 66 978 (48) | 80 412 (57) | 98 677 (67) |
| Net cash from (used) investing | (9 321) | 344) | 749) | 481) | 593) | 593) | - | 402) | 666) | 131) |
| Net cash from (used) financing | - | - | - | - | - | - | - | - | - | - |
| Cash/cash equivalents at the year end | (5 214) | (9 404) | (3 462) | 0 | 0 | 0 | - | 18 577 | 41 323 | 72 869 |
| <u>Cash backing/surplus reconciliation</u> | | | | | | | | | | |
| Cash and investments available | 2 823 | 1 480 (219) | 6 708 | - | - | - | - | 18 577 (19) | - | - |
| Application of cash and investments | (1 508) | 972) | 14 436 | - | - | - | - | 634) | - | - |
| Balance - surplus (shortfall) | 4 332 | 221 452 | (7 728) | - | - | - | - | 38 211 | - | - |
| <u>Asset management</u> | | | | | | | | | | |
| Asset register summary (WDV) | 15 858 | 26 497 | 22 374 | 41 362 | 52 593 | 52 593 | - | - | - | - |
| Depreciation & asset impairment | - | - | - | - | - | - | - | - | - | - |
| Renewal of Existing Assets | - | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance | - | - | - | 8 501 | 5 471 | 5 471 | 3 035 | 3 035 | 3 191 | 3 342 |
| <u>Free services</u> | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | - | - | - | - | - |
| Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - |
| <u>Households below minimum service level</u> | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

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Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is funded by grant transfers of which

- R 63 m is MIG
- R891 k is own funded

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Table 8 : EC156 Mhlontlo -MBRR Table A2 Budgeted Financial Performance
(revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| Governance and administration | | 55 474 | 47 867 | 34 949 | 59 415 | 58 129 | 58 129 | 65 264 | 68 490 | 73 145 |
| Executive and council | | - | 2 863 | 13 048 | 26 821 | 25 419 | 25 419 | 27 633 | 29 152 | 31 445 |
| Budget and treasury office | | 51 749 | 42 634 | 16 265 | 23 340 | 21 318 | 21 318 | 25 602 | 26 499 | 28 027 |
| Corporate services | | 3 725 | 2 370 | 5 636 | 9 253 | 11 392 | 11 392 | 12 029 | 12 839 | 13 688 |
| Community and public safety | | 546 | 32 | 5 669 | 11 403 | 12 022 | 12 022 | 15 200 | 16 500 | 17 534 |
| Community and social services | | - | - | - | - | - | - | - | - | - |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 546 | 32 | 5 669 | 11 403 | 12 022 | 12 022 | 15 200 | 16 500 | 17 534 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 11 921 | 16 787 | 5 654 | 61 078 | 69 564 | 69 564 | 83 026 | 96 104 | 109 600 |
| Planning and development | | - | 2 493 | - | 8 594 | 11 255 | 11 255 | 10 353 | 10 481 | 11 130 |
| Road transport | | 11 921 | 14 294 | 5 654 | 52 484 | 58 310 | 58 310 | 72 674 | 85 623 | 98 558 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 943 | 911 | 4 444 | 6 409 | 10 091 | 10 091 | 6 988 | 7 420 | 7 873 |
| Electricity | | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 943 | 911 | 4 444 | 6 409 | 10 091 | 10 091 | 6 988 | 7 420 | 7 873 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 2 | 68 884 | 65 597 | 50 715 | 138 304 | 149 806 | 149 806 | 170 478 | 188 514 | 208 256 |
| Expenditure - Standard | | | | | | | | | | |
| Governance and administration | | 55 474 | 47 867 | 34 949 | 59 415 | 58 129 | 58 129 | 63 328 | 66 457 | 71 000 |
| Executive and council | | - | 2 863 | 13 048 | 26 821 | 25 419 | 25 419 | 27 633 | 29 152 | 31 445 |
| Budget and treasury office | | 51 749 | 42 634 | 16 265 | 23 340 | 21 318 | 21 318 | 23 666 | 24 465 | 25 923 |
| Corporate services | | 3 725 | 2 370 | 5 636 | 9 253 | 11 392 | 11 392 | 12 029 | 12 839 | 13 688 |
| Community and public safety | | 546 | 32 | 5 669 | 11 403 | 12 022 | 12 022 | 15 200 | 16 500 | 17 534 |
| Community and social services | | - | - | - | - | - | - | - | - | - |
| Sport and recreation | | - | - | - | - | - | - | - | - | - |
| Public safety | | 546 | 32 | 5 669 | 11 403 | 12 022 | 12 022 | 15 200 | 16 500 | 17 534 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 11 921 | 16 787 | 5 654 | 61 078 | 69 564 | 69 564 | 82 926 | 95 999 | 109 570 |
| Planning and development | | - | 2 493 | - | 8 594 | 11 255 | 11 255 | 10 353 | 10 481 | 11 130 |
| Road transport | | 11 921 | 14 294 | 5 654 | 52 484 | 58 310 | 58 310 | 72 574 | 85 517 | 98 447 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 943 | 911 | 4 444 | 6 409 | 10 091 | 10 091 | 6 988 | 7 420 | 7 873 |
| Electricity | | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 943 | 911 | 4 444 | 6 409 | 10 091 | 10 091 | 6 988 | 7 420 | 7 873 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 3 | 68 884 | 65 597 | 50 715 | 138 304 | 149 806 | 149 806 | 168 442 | 186 375 | 206 041 |
| Surplus/(Deficit) for the year | | - | - | - | - | - | - | 2 036 | 2 139 | 2 215 |

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Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 9 : EC156 Mhlontlo - MBRR Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description R thousand | R ef | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - MAYOR'S OFFICE | | – | 1 226 | 1 102 | 2 690 | 3 258 | 3 258 | 2 091 | 1 897 | 2 008 |
| Vote 2 - SPEAKER'S OFFICE | | – | – | 8 592 | 16 122 | 15 627 | 15 627 | 16 454 | 17 526 | 19 012 |
| Vote 3 - MUNICIPAL MANAGER'S OFFICE | | – | 1 637 | 3 354 | 8 009 | 6 533 | 6 533 | 9 088 | 9 730 | 10 426 |
| Vote 4 - BUDGET & TREASURY OFFICE | | 51 749 | 42 634 | 16 265 | 23 340 | 21 318 | 21 318 | 25 602 | 26 499 | 28 027 |
| Vote 5 - CORPORATE SERVICES | | 3 725 | 2 370 | 5 636 | 9 253 | 11 392 | 11 392 | 12 029 | 12 839 | 13 688 |
| Vote 6 - LOCAL ECONOMIC DEVELOPMENT | | – | 2 493 | – | 8 594 | 11 255 | 11 255 | 10 353 | 10 481 | 11 130 |
| Vote 7 - COMMUNITY SERVICES | | 1 489 | 943 | 10 113 | 17 811 | 22 113 | 22 113 | 22 188 | 23 920 | 25 407 |
| Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT | | 11 921 | 14 294 | 5 654 | 52 484 | 58 310 | 58 310 | 72 674 | 85 623 | 98 558 |
| Vote 9 - [NAME OF VOTE 9] | | – | – | – | – | – | – | – | – | – |
| Vote 10 - [NAME OF VOTE 10] | | – | – | – | – | – | – | – | – | – |
| Vote 11 - [NAME OF VOTE 11] | | – | – | – | – | – | – | – | – | – |
| Vote 12 - [NAME OF VOTE 12] | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |

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| | | | | | | | | | | |
|--|---|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Total Revenue by Vote | 2 | 68 884 | 65 597 | 50 715 | 138 304 | 149 806 | 149 806 | 170 478 | 188 514 | 208 256 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - MAYOR'S OFFICE | | - | 1 226 | 1 102 | 690 | 258 | 3 258 | 2 091 | 1 897 | 2 008 |
| Vote 2 - SPEAKER'S OFFICE | | - | - | 8 592 | 122 | 627 | 15 627 | 16 454 | 17 526 | 19 012 |
| Vote 3 - MUNICIPAL MANAGER'S OFFICE | | - | 1 637 | 3 354 | 009 | 533 | 6 533 | 9 088 | 9 730 | 10 426 |
| Vote 4 - BUDGET & TREASURY OFFICE | | 51 749 | 42 634 | 16 265 | 340 | 318 | 21 318 | 23 666 | 24 465 | 25 923 |
| Vote 5 - CORPORATE SERVICES | | 3 725 | 2 370 | 5 636 | 253 | 392 | 11 392 | 12 029 | 12 839 | 13 688 |
| Vote 6 - LOCAL ECONOMIC DEVELOPMENT | | - | 2 493 | - | 594 | 255 | 11 255 | 10 353 | 10 481 | 11 130 |
| Vote 7 - COMMUNITY SERVICES | | 1 489 | 943 | 10 113 | 811 | 113 | 22 113 | 22 188 | 23 920 | 25 407 |
| Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT | | 11 921 | 14 294 | 5 654 | 484 | 310 | 58 310 | 72 574 | 85 517 | 98 447 |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 68 884 | 65 597 | 50 715 | 138 304 | 149 806 | 149 806 | 168 442 | 186 375 | 206 041 |
| Surplus/(Deficit) for the year | 2 | - | - | - | - | - | - | 2 036 | 2 139 | 2 215 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the district municipality. This means it is possible to present the operating surplus or deficit of a vote.

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**Table 10 : EC156 Mhlontlo -MBRR Table A4 Budgeted Financial Performance
(revenue and expenditure)**

| Description | R ef | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|------|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 546 ¹ | 923 ¹ | 200 ¹ | 479 ² | 605 ⁴ | 605 ⁴ | - | 713 ⁷ | 098 ⁸ | 503 ⁸ |
| Property rates - penalties & collection charges | | | | | | | | | | | |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | 592 | 655 | 300 | 760 | 206 | 206 | - | 541 | 569 | 599 |
| Service charges - other | | | | | | | | | | | |
| Rental of facilities and equipment | | | | | - | 37 | 37 | | 39 | 41 | 44 |
| Interest earned - external investments | | | | | 604 | 686 | 686 | | 725 | 764 | 805 |
| Interest earned - outstanding debtors | | | | | | | | | | | |
| Dividends received | | | | | | | | | | | |
| Fines | | | | | 77 | 98 | 98 | | 104 | 110 | 115 |
| Licences and permits | | | | | 277 ¹ | 530 ¹ | 530 ¹ | | 616 ¹ | 703 ¹ | 795 ¹ |
| Agency services | | | | | - | 375 | 375 | | 396 | 417 | 440 |
| Transfers recognised - operational | | 33 772 | 41 108 | 57 795 | 81 880 | 84 922 | 84 922 | | 104 793 | 111 412 | 121 552 |
| Other revenue | 2 | 25 415 | 5 709 | 11 230 | 8 240 | 12 776 | 12 776 | - | 2 103 | 1 355 | 1 428 |
| Gains on disposal of PPE | | | | | - | 1 224 | 1 224 | | | | |
| Total Revenue (excluding capital transfers and contributions) | | 61 324 | 49 395 | 70 525 | 95 318 | 106 459 | 106 459 | - | 118 030 | 124 468 | 135 282 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | - 2 | 23 560 | 26 319 | 34 939 | 36 868 | 34 944 | 34 944 | - | 48 222 | 51 808 | 55 657 |
| Remuneration of councillors | | | | | 11 801 | 12 207 | 12 207 | | 12 421 | 13 290 | 14 287 |
| Debt impairment | 3 | | | | - | 815 | 815 | | 863 | 909 | 954 |
| Depreciation & asset impairment | 2 | - | - | - | - | - | - | - | - | - | - |
| Finance charges | | | | | | | | | | | |
| Bulk purchases | 2 | - | - | - | - | - | - | - | - | - | - |
| Other materials | 8 | | | | - | 946 | 946 | | 500 | 527 | 552 |
| Contracted services | | 859 | 859 | 1 501 | 1 323 | 14 042 | 14 042 | - | 12 253 | 12 270 | 12 871 |
| Transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 24 670 | 11 726 | 1 869 | 2 163 | 34 259 | 34 259 | - | 29 748 | 30 788 | 32 321 |
| Loss on disposal of PPE | | | | | | | | | | | |
| Total Expenditure | | 49 089 | 38 904 | 38 309 | 52 156 | 97 213 | 97 213 | - | 104 006 | 109 592 | 116 643 |

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| | | | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|---|--------|--------|--------|
| Surplus/(Deficit) | | 12 236 | 10 491 | 32 216 | 43 162 | 9 246 | 9 246 | - | 14 024 | 14 876 | 18 639 |
| Transfers recognised - capital | | | | | | 43 346 | 43 346 | | 52 448 | 64 167 | 75 842 |
| Contributions recognised - capital | 6 | - | - | - | - | - | - | - | - | - | - |
| Contributed assets | | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | - | 66 472 | 79 043 | 94 481 |
| Taxation | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | - | 66 472 | 79 043 | 94 481 |
| Attributable to minorities | | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | - | 66 472 | 79 043 | 94 481 |
| Share of surplus/ (deficit) of associate | 7 | | | | | | | | | | |
| Surplus/(Deficit) for the year | | 12 236 | 10 491 | 32 216 | 43 162 | 52 592 | 52 592 | - | 66 472 | 79 043 | 94 481 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R118 Million in 2012/13 and increase to R124 million by 2013/14. This represents an increase of 5 per cent for the 2013/14 financial year and increase of 8.6 per cent for the 2014/15 financial year.

Table 11 : EC156 Mhlontlo – MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <u>Capital expenditure - Vote Multi-year expenditure to be appropriated</u> | 2 | | | | | | | | | | |
| Vote 1 - MAYOR'S OFFICE | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - SPEAKER'S OFFICE | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - MUNICIPAL MANAGER'S OFFICE | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - BUDGET & TREASURY OFFICE | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - CORPORATE SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - LOCAL ECONOMIC DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - COMMUNITY SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |

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| | | | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|---|--------|--------|--------|
| | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | - | - | - |
| <u>Single-year expenditure to be appropriated</u> | 2 | | | | | | | | | | |
| Vote 1 - MAYOR'S OFFICE | | - | - | - | 800 | 680 | 680 | - | 300 | - | - |
| Vote 2 - SPEAKER'S OFFICE | | - | - | - | 500 | 600 | 600 | - | - | - | 300 |
| Vote 3 - MUNICIPAL MANAGER'S OFFICE | | - | - | - | - | 493 | 493 | - | 563 | 635 | 736 |
| Vote 4 - BUDGET & TREASURY OFFICE | | - | 270 | - | 600 | - | - | - | - | - | - |
| Vote 5 - CORPORATE SERVICES | | - | 340 | 1 000 | 390 | 998 | 998 | - | 206 | 217 | 228 |
| Vote 6 - LOCAL ECONOMIC DEVELOPMENT | | 2 169 | 436 | 2 427 | 5 825 | 2 861 | 2 861 | - | 3 418 | 3 599 | 3 776 |
| Vote 7 - COMMUNITY SERVICES | | 941 | - | 100 | 2 657 | 5 401 | 5 401 | - | 2 850 | 3 296 | 3 438 |
| Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT | | 12 695 | 25 452 | 75 505 | 36 708 | 41 560 | 41 560 | - | 57 198 | 69 140 | 81 031 |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 15 806 | 26 497 | 79 032 | 47 481 | 52 593 | 52 593 | - | 64 536 | 76 888 | 89 509 |
| Total Capital Expenditure - Vote | | 15 806 | 26 497 | 79 032 | 47 481 | 52 593 | 52 593 | - | 64 536 | 76 888 | 89 509 |
| <u>Capital Expenditure - Standard</u> | | | | | | | | | | | |
| <i>Governance and administration</i> | | - | 610 | 000 | 1 290 | 2 771 | 2 771 | - | 1 070 | 853 | 1 264 |
| Executive and council | | | | | 300 | 773 | 1 773 | | 863 | 635 | 1 036 |
| Budget and treasury office | | | 270 | | 600 | - | - | | - | - | - |
| Corporate services | | | 340 | 000 | 390 | 998 | 998 | | 206 | 217 | 228 |
| <i>Community and public safety</i> | | 541 | - | 100 | 757 | 248 | 2 248 | - | 2 450 | 2 896 | 3 038 |
| Community and social services | | | | | | | | | | | |
| Sport and recreation | | | | | | | | | | | |
| Public safety | | 541 | | 100 | 757 | 248 | 2 248 | | 2 450 | 2 896 | 3 038 |
| Housing | | | | | | | | | | | |
| Health | | | | | | | | | | | |
| <i>Economic and environmental</i> | | 14 | 25 | 77 | 42 | 44 | | | | | |

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|--------------------------------------|---|--------|--------|--------|--------|--------|--------|---|--------|--------|--------|
| <i>services</i> | | 864 | 887 | 932 | 533 | 420 | 44 420 | - | 60 616 | 72 739 | 84 807 |
| Planning and development | | 2 169 | 436 | 2 427 | 5 825 | 2 861 | 2 861 | | 3 418 | 3 599 | 3 776 |
| Road transport | | 12 695 | 25 452 | 75 505 | 36 708 | 41 560 | 41 560 | | 57 198 | 69 140 | 81 031 |
| Environmental protection | | | | | | | | | | | |
| <i>Trading services</i> | | 400 | - | - | 900 | 3 153 | 3 153 | - | 400 | 400 | 400 |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Waste water management | | | | | | | | | | | |
| Waste management | | 400 | | | 900 | 3 153 | 3 153 | | 400 | 400 | 400 |
| <i>Other</i> | | | | | | | | | | | |
| Total Capital Expenditure - Standard | 3 | 15 806 | 26 497 | 79 032 | 47 481 | 52 593 | 52 593 | - | 64 536 | 76 888 | 89 509 |
| <u>Funded by:</u> | | | | | | | | | | | |
| National Government | | 15 806 | 26 497 | 79 032 | | 40 635 | 40 635 | | 63 645 | 76 811 | 89 428 |
| Provincial Government | | | | | | 2 711 | 2 711 | | | | |
| District Municipality | | | | | | | | | | | |
| Other transfers and grants | | | | | | | | | | | |
| Transfers recognised - capital | 4 | 15 806 | 26 497 | 79 032 | - | 43 346 | 43 346 | - | 63 645 | 76 811 | 89 428 |
| Public contributions & donations | 5 | | | | | | | | | | |
| Borrowing | 6 | | | | | | | | | | |
| Internally generated funds | | | | | | 9 247 | 9 247 | | 891 | 76 | 81 |
| Total Capital Funding | 7 | 15 806 | 26 497 | 79 032 | - | 52 593 | 52 593 | - | 64 536 | 76 888 | 89 509 |

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Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R64 million for the 2012/13 financial year and then increases over the MTREF to levels of R76 million and R89 million respectively for the two outer years.

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**Table 12 : EC156 Mhlontlo - MBRR Table A6 Budgeted
Financial Position**

| Description R thousand | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------------|--------------------------|---|------------------------------|------------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre- audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 2 252 | 118 | 6 654 | | | | | 18 577 | | |
| Call investment deposits | 1 | 572 | 3 442 | 54 | - | - | - | - | - | - | - |
| Consumer debtors | 1 | 1 861 | 1 749 | 8 428 | - | - | - | - | - | - | - |
| Other debtors | | 1 328 | 11 297 | 16 907 | | | | | | | |
| Current portion of long-term receivables | | | | | | | | | | | |
| Inventory | 2 | | | | | | | | | | |
| Total current assets | | 6 013 | 16 606 | 32 043 | - | - | - | - | 18 577 | - | - |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | | | | | | | | | | |
| Investments | | | | | | | | | | | |
| Investment property | | | | | | | | | | | |
| Investment in Associate | | | | | | | | | | | |
| Property, plant and equipment | 3 | - | 26 497 | 49 246 | 33 855 | 34 010 | 34 010 | - | - | - | - |
| Agricultural | | | | | | | | | | | |
| Biological | | | | | 350 | 350 | 350 | | | | |
| Intangible | | | | | 7 158 | 18 233 | 18 233 | | | | |
| Other non-current assets | | | | | | | | | | | |
| Total non current assets | | - | 26 497 | 49 246 | 41 362 | 52 593 | 52 593 | - | - | - | - |
| TOTAL ASSETS | | 6 013 | 43 104 | 81 289 | 41 362 | 52 593 | 52 593 | - | 18 577 | - | - |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | - | 2 080 | | | | | | | | |
| Borrowing | 4 | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | | | | | | | | | | |
| Trade and other payables | 4 | 6 186 | 8 435 | 18 144 | - | - | - | - | (19 634) | - | - |
| Provisions | | 4 968 | 2 216 | 1 329 | | | | | | | |
| Total current liabilities | | 11 153 | 12 731 | 19 473 | - | - | - | - | (19 634) | - | - |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | - | - | - | - | - | - | - | - | - | - |
| Provisions | | - | - | - | - | - | - | - | - | - | - |
| Total non current liabilities | | - | - | - | - | - | - | - | - | - | - |
| TOTAL LIABILITIES | | 11 153 | 12 731 | 19 473 | - | - | - | - | (19 634) | - | - |
| NET ASSETS | 5 | (5 141) | 30 372 | 61 816 | 41 362 | 52 593 | 52 593 | - | 38 211 | - | - |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | (5 141) | 30 372 | 61 816 | | | | | | | |
| Reserves | 4 | - | - | - | - | - | - | - | - | - | - |
| Minorities' interests | | | | | | | | | | | |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | (5 141) | 30 372 | 61 816 | - | - | - | - | - | - | - |

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Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 : EC156 Mhlontlo – MBRR Table A7 Budgeted Cash Flows

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Ratepayers and other | | 66 463 | 145 086 | 1 863 | 17 797 | 21 538 | 21 538 | | 8 656 | 9 100 | 12 401 |
| Government - operating | 1 | | | 130 272 | 91 169 | 94 679 | 94 679 | | 104 793 | 111 412 | 121 552 |
| Government - capital | 1 | | | | 29 338 | 33 589 | 33 589 | | 52 448 | 64 167 | 75 842 |
| Interest | | 268 | 1 185 | 897 | | | | | 725 | 764 | 805 |
| Dividends | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (54 096) | (121 083) | (104 312) | (90 823) | (97 213) | (97 213) | | (99 643) | (105 030) | (111 923) |
| Finance charges | | (441) | (35) | (30) | | | | | | | |
| Transfers and Grants | 1 | | | | | | | | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 12 194 | 25 154 | 28 691 | 47 481 | 52 593 | 52 593 | - | 66 978 | 80 412 | 98 677 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | | | |
| Decrease (Increase) in non-current debtors | | | 24 | | | | | | | | |
| Decrease (Increase) other non-current receivables | | (103) | (2 870) | | | | | | | | |
| Decrease (Increase) in non-current investments | | 7 771 | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | (16 990) | (26 497) | (22 749) | (47 481) | (52 593) | (52 593) | | (48 402) | (57 666) | (67 131) |

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| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (9 321) | (29 344) | (22 749) | (47 481) | (52 593) | (52 593) | – | (48 402) | (57 666) | (67 131) |
|--|---|---------|----------|----------|----------|----------|----------|---|----------|----------|----------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | | | | |
| Borrowing long term/refinancing | | | | | | | | | | | |
| Increase (decrease) in consumer deposits | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | | | | | | | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | – | – | – | – | – | – | – | – | – | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 2 873 | (4 190) | 5 942 | 0 | 0 | 0 | – | 18 577 | 22 746 | 31 545 |
| Cash/cash equivalents at the year begin: | 2 | (8 087) | (5 214) | (9 404) | | | | – | | 18 577 | 41 323 |
| Cash/cash equivalents at the year end: | 2 | (5 214) | (9 404) | (3 462) | 0 | 0 | 0 | – | 18 577 | 41 323 | 72 869 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2008/09 to 2009/10 period.
4. The tabled 2012/13 MTREF provide for a further increase in cash for the 2012/13 financial year resulting in an overall projected positive cash position of R18 million at year end.

Table 14 : EC156 Mhlontlo –MBRR Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | R ef | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | (5 214) | (9 404) | (3 462) | 0 | 0 | 0 | – | 18 577 | 41 323 | 72 869 |
| Other current investments > 90 days | | 8 038 | 10 884 | 10 170 | (0) | (0) | (0) | – | – | (41 323) | (72 869) |
| Non current assets - Investments | 1 | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | | 2 823 | 1 480 | 6 708 | – | – | – | – | 18 577 | – | – |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 2 605 | 3 534 | 8 979 | – | – | – | – | (16 134) | – | – |
| Unspent borrowing | | – | – | – | – | – | – | – | – | – | – |

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| | | | | | | | | | | | |
|---|---|----------------|------------------|----------------|----------|----------|----------|----------|-----------------|----------|----------|
| Statutory requirements | 2 | | | | | | | | | | |
| Other working capital requirements | 3 | (4 113) | (223 507) | 5 456 | - | - | - | - | (3 500) | - | - |
| Other provisions | | | | | | | | | | | |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | | | | | | | | | | |
| Total Application of cash and investments: | | (1 508) | (219 972) | 14 436 | - | - | - | - | (19 634) | - | - |
| Surplus(shortfall) | | 4 332 | 221 452 | (7 728) | - | - | - | - | 38 211 | - | - |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 to 2010/11 the position worsened from a surplus of R4.3 million to a deficit of R7.7 million.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded and aligned to section 18 of the MFMA.
7. For the 2012/13 financial year there is a budgeted surplus of R38 million.

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**Table 15 : EC156 Mhlontlo –MBRR Table A9
Asset Management**

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| <u>Total New Assets</u> | 1 | 15 865 | 26 497 | 22 749 | 41 362 | 52 593 | 52 593 | 64 536 | 76 888 | 89 509 |
| Infrastructure - Road transport | | 14 400 | 25 345 | 19 812 | 31 255 | 27 854 | 27 854 | 19 948 | 21 005 | 22 034 |
| Infrastructure - Electricity | | - | - | - | 1 000 | 4 556 | 4 556 | 28 000 | 38 424 | 48 837 |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | 348 | - | - | 1 600 | 1 600 | 1 600 | 1 400 | 1 453 | 1 505 |
| Infrastructure | | 14 748 | 25 345 | 19 812 | 33 855 | 34 010 | 34 010 | 49 348 | 60 882 | 72 376 |
| Community | | 762 | 107 | 373 | 3 254 | 4 102 | 4 102 | 8 118 | 8 549 | 8 967 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | 348 | 1 046 | 2 188 | 3 904 | 14 131 | 14 131 | 6 658 | 6 982 | 7 597 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | 7 | - | - | 375 | 350 | 350 | 350 | 412 | 476 | 569 |
| <u>Total Renewal of Existing Assets</u> | 2 | - | - | - | - | - | - | - | - | - |
| Infrastructure - Road transport | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - | - |
| Community | - | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| <u>Total Capital Expenditure</u> | 4 | 14 400 | 25 345 | 19 812 | 31 255 | 27 854 | 27 854 | 19 948 | 21 005 | 22 034 |
| Infrastructure - Road transport | | - | - | - | 1 000 | 4 556 | 4 556 | 28 000 | 38 424 | 48 837 |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | 348 | - | - | 1 600 | 1 600 | 1 600 | 1 400 | 1 453 | 1 505 |
| Infrastructure | | 14 748 | 25 345 | 19 812 | 33 855 | 34 010 | 34 010 | 49 348 | 60 882 | 72 376 |

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| | | | | | | | | | | |
|---|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Community | | 762 | 107 | 373 | 3 254 | 4 102 | 4 102 | 8 118 | 8 549 | 8 967 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | 348 | 1 046 | 2 188 | 3 904 | 14 131 | 14 131 | 6 658 | 6 982 | 7 597 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | 7 | - | 375 | 350 | 350 | 350 | 412 | 476 | 569 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 15 865 | 26 497 | 22 749 | 41 362 | 52 593 | 52 593 | 64 536 | 76 888 | 89 509 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | | | | | | | | | |
| Infrastructure - Road transport | | 14 400 | 25 345 | 19 812 | 31 255 | 27 854 | 27 854 | | | |
| Infrastructure - Electricity | | - | - | - | 1 000 | 4 556 | 4 556 | | | |
| Infrastructure - Water | | - | - | - | - | - | - | | | |
| Infrastructure - Sanitation | | - | - | - | - | - | - | | | |
| Infrastructure - Other | | 348 | - | - | 1 600 | 1 600 | 1 600 | | | |
| Infrastructure | | 14 748 | 25 345 | 19 812 | 33 855 | 34 010 | 34 010 | - | - | - |
| Community | | 762 | 107 | 373 | 3 254 | 4 102 | 4 102 | | | |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | | 348 | 1 046 | 2 188 | 3 904 | 14 131 | 14 131 | | | |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | 350 | 350 | 350 | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 15 858 | 26 497 | 22 374 | 41 362 | 52 593 | 52 593 | - | - | - |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | | - | - | - | - | - | - | - | - | - |
| <u>Repairs and Maintenance by Asset Class</u> | | | | | | | | | | |
| Infrastructure - Road transport | 3 | - | - | - | 8 501 | 5 471 | 5 471 | 3 035 | 3 191 | 3 342 |
| Infrastructure - Electricity | | - | - | - | 5 000 | 1 000 | 1 000 | - | - | - |
| Infrastructure - Water | | - | - | - | 892 | 1 200 | 1 200 | 800 | 842 | 884 |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | 530 | 770 | 770 | 300 | 311 | 321 |
| Community | | - | - | - | 6 422 | 2 970 | 2 970 | 1 100 | 1 153 | 1 205 |
| Heritage assets | | - | - | - | 119 | 340 | 340 | 50 | 53 | 55 |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6, 7 | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS | | - | - | - | 8 501 | 5 471 | 5 471 | 3 035 | 3 191 | 3 342 |
| <i>Renewal of Existing Assets as % of total capex</i> | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>Renewal of Existing Assets as % of deprecn"</i> | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>R&M as a % of PPE</i> | | 0.0% | 0.0% | 0.0% | 25.1% | 16.1% | 16.1% | 0.0% | 0.0% | 0.0% |
| <i>Renewal and R&M as a % of PPE</i> | | 0.0% | 0.0% | 0.0% | 21.0% | 10.0% | 10.0% | 0.0% | 0.0% | 0.0% |

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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meet these recommendations as the municipality is still having a huge backlog in construction of infrastructure in the rural communities. Bulk of the budget is for construction of new infrastructure (Roads) .

Table 16 : EC156 Mhlontlo – MBRR Table A10 Basic service delivery measurement

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | | | | | | | | | |
| Piped water inside yard (but not in dwelling) | | | | | | | | | | |
| Using public tap (at least min.service level) | 2 | | | | | | | | | |
| Other water supply (at least min.service level) | 4 | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Using public tap (< min.service level) | 3 | | | | | | | | | |
| Other water supply (< min.service level) | 4 | | | | | | | | | |
| No water supply | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | | | | | | | | | |
| Flush toilet (with septic tank) | | | | | | | | | | |
| Chemical toilet | | | | | | | | | | |
| Pit toilet (ventilated) | | | | | | | | | | |
| Other toilet provisions (> min.service level) | | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Bucket toilet | | | | | | | | | | |
| Other toilet provisions (< min.service level) | | | | | | | | | | |
| No toilet provisions | | | | | | | | | | |

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| | | | | | | | | | |
|--|---|---|---|---|---|---|-----|-----|-----|
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - |
| <u>Energy:</u> | | | | | | | | | |
| Electricity (at least min.service level) | | | | | | | | | |
| Electricity - prepaid (min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - |
| Electricity (< min.service level) | | | | | | | | | |
| Electricity - prepaid (< min. service level) | | | | | | | | | |
| Other energy sources | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - |
| <u>Refuse:</u> | | | | | | | | | |
| Removed at least once a week | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - |
| Removed less frequently than once a week | | | | | | | | | |
| Using communal refuse dump | | | | | | | | | |
| Using own refuse dump | | | | | | | | | |
| Other rubbish disposal | | | | | | | | | |
| No rubbish disposal | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - |
| <u>Households receiving Free Basic Service</u> | | | | | | | | | |
| Water (6 kilolitres per household per month) | 7 | | | | | | | | |
| Sanitation (free minimum level service) | | | | | | | | | |
| Electricity/other energy (50kwh per household per month) | | | | | | | | | |
| Refuse (removed at least once a week) | | | | | | | 265 | 265 | 265 |
| <u>Cost of Free Basic Services provided (R'000)</u> | | | | | | | | | |
| Water (6 kilolitres per household per month) | 8 | | | | | | | | |
| Sanitation (free sanitation service) | | | | | | | | | |
| Electricity/other energy (50kwh per household per month) | | | | | | | | | |
| Refuse (removed once a week) | | | | | | | | | |
| Total cost of FBS provided (minimum social package) | | - | - | - | - | - | - | - | - |
| <u>Highest level of free service provided</u> | | | | | | | | | |
| Property rates (R value threshold) | | | | | | | | | |
| Water (kilolitres per household per month) | | | | | | | | | |
| Sanitation (kilolitres per household per month) | | | | | | | | | |
| Sanitation (Rand per household per month) | | | | | | | | | |
| Electricity (kwh per household per month) | | | | | | | | | |
| Refuse (average litres per week) | | | | | | | | | |

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| <u>Revenue cost of free services provided</u> <u>(R'000)</u> | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| Property rates (R15 000 threshold rebate) | 9 | | | | | | | | |
| Property rates (other exemptions, reductions and rebates) | | | | | | | | | |
| Water | | | | | | | | | |
| Sanitation | | | | | | | | | |
| Electricity/other energy | | | | | | | | | |
| Refuse | | | | | | | | | |
| Municipal Housing - rental rebates | | | | | | | | | |
| Housing - top structure subsidies | 6 | | | | | | | | |
| Other | | | | | | | | | |
| Total revenue cost of free services provided (total social package) | | - | - | - | - | - | - | - | - |

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the CFO.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule

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2.3 Budget Time Schedule for 2012/13

| PROCESS | ACTIVITY | TIME FRAME | RESPONSIBILITY |
|--|---|---|---|
| JULY 2011 (PREPARATION PHASE) | | | |
| IDP | <ul style="list-style-type: none"> Development of IDP Framework and Process Plan | 25 July –12 August 2011 | Strategic Manager's Office: IDP Manager |
| AUGUST 2011 (PREPARATION PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Establish and Launch IDP Representative Forum (outline terms of reference and explain process) Mayor tables IDP and Budget process plan in Council Preparation of Annual Financial Statement Finalise 2011/2012 performance agreements (workshop) | 25 July –15 September 2011 26 August 2011 August 2011 August 2011 | Strategic Manager's Office: IDP Manager Mayor BTO COO |
| SEPTEMBER 2011(ANALYSIS PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Advertise IDP Framework and Process Plan Mayoral Izimbizo (Feedback from IDP Implementation) Data Collection (ward based planning – LMs) Data Analysis and Interpretation Evaluate outstanding sector plan requirements and additional analysis where necessary. Establish departmental budget committees First Quarter report to the council | 05 September 2011 05 September – 31 October 2011 12 – 16 September 2011 End September 2011 | Strategic Manager's Office: IDP Manager All Sec 57 Managers Municipal Manager |
| OCTOBER 2011(ANALYSIS – STRATEGIES PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Inputs by various departments and structures. Data Analysis continues. IDP Steering Committee sits to discuss issues identified during Analysis Phase Prioritisation of needs and draft strategic objectives IDP Rep Forum (Analysis , sector departments and parastatals) Tariff review by departments Draft Annual report to council | 13 October 2011 26 – 28 October 2011 10 -14 October 2011 3 October 2011 3 – 14 October 2011 October 2011 | All departments Strategic Manager's Office: IDP Manager Municipal Manager BTO COO |
| NOVEMBER 2011 (OBJECTIVES & STRATEGIES PHASE) | | | |
| IDP, Budget | <ul style="list-style-type: none"> Develop Vision, objectives, strategies and | 10 -14 October 2011 | Councillors and relevant |

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| PROCESS | ACTIVITY | TIME FRAME | RESPONSIBILITY |
|---|--|--|---|
| and PMS | <ul style="list-style-type: none"> programmes. (Strategic Planning session) Development of Key Performance Areas/ primary operational plan for the new cycle. Departmental Budget inputs Community and Stakeholder consultation on the proposed tariffs Draft Annual report submitted to AG | 1 – 15 November 2011 1 – 18 November 2011 30 November 2011 November 2011 | Stakeholders BTO BTO COO |
| DECEMBER 2011 (STRATEGIES – PROJECT PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Develop list of projects Design projects/ programmes and set project targets and indicators Report on objectives, strategies and draft projects . IDP Steering Committee (strategies) Compilation of Mid-term report | 1 – 15 December 2011 14 December 2011 End December 2011 | Municipality All sector departments Strategic Manager's Office : IDP Manager COO |
| JANUARY 2012 (PROJECT – INTEGRATION PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Project prioritisation Sector Forums and various portfolios sit for project priority list) IDP Steering Committee IDP Rep Forum to align projects and programmes of LMs, sector departments and parastatals. Submission of Capital Budget with Cash flows Mid-year assessment and recommend budget adjustment Budget Adjustments tabled to the council Revise SDBIP in accordance with adjusted budget Review all aspects of 2011/2012 budget including any unforeseen and unavoidable expenditure in the light of need and adjustment budget Mayor tables the 2010/2011 annual report to the council | 3 – 13 January 2012 17 January 2012 26 January 2012 3 -13 January 2012 31 January 2012 20 January 2012 30 January – 9 February 2012 31 January 2012 | All departments/portfolios MM & HODs MM Mayor All departments BTO, Directors All Departments All Departments Mayor |

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| PROCESS | ACTIVITY | TIME FRAME | RESPONSIBILITY |
|---|---|--|---|
| FEBRUARY 2012 (INTEGRATION PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Submission of Sector Plans IDP Steering Committee – draft IDP Finalise 2012-2013 detailed operational and capital budget Finalise budget policy and tariff policy Consolidation of draft 2012-2013 annual budget Publicise 2010-2011 annual report and invite comments from communities Submit report to AG, Provincial Treasury and DLGTA Mid-year performance reviews Departmental Sub-mission of Draft SDBIP for 2012/2013 | 15 February 2012 29 February 2012 24 February 2012 17 February 2012 6-29 February 2012 29 February 2012 | All departments Strategic Manager's Office: IDP BTO COO All Departments |
| MARCH 2012 (APPROVAL PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Draft IDP and Budget tabled to Council Draft IDP and Budget adopted by Council Approval of 2010/2011 oversight report on the annual report Adoption of the 2010/11 annual report Submission of the term report to the council | 15 March 2012 29 March 2012 | Strategic Manager's Office: IDP Manager Mayor Municipal Manager |
| APRIL 2012 (APPROVAL PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Publicise/ advertise the IDP and Budget Road show schedule. IDP and Budget Road shows Draft IDP and Budget advertised for comments Draft of new scorecard for Sec 57 | 2 April 2012 10 – 20 April 2012 10 – 30 April 2012 | Communications Speaker's Office Strategic Manager's, CFO: IDP Manager |
| MAY 2012 (APPROVAL PHASE – FINAL IDP & BUDGET) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Incorporation of community inputs into the IDP and Budget. Mayor tables 2012/13 IDP and Budget to Council for final adoption. | 7 – 11 May 2012 29 May 2012 | COO's Office: IDP Council |
| JUNE 2012 (POST APPROVAL PHASE) | | | |
| IDP, Budget and PMS | <ul style="list-style-type: none"> Summary of the IDP and Submission to the MEC Public notice on adoption of IDP & Budget. | 01-15 June 2012 4 – 12 June | IDP Unit COO |

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| PROCESS | ACTIVITY | TIME FRAME | RESPONSIBILITY |
|---------|--|------------|----------------|
| | <ul style="list-style-type: none">Draft SDBIP & performance agreements | 2012 | |

2.4 IDP and SDBIP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

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The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 17 : EC156 Mhlontlo -MBRR Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective | Goal | Code | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---------------------|------|------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | | |
| | | | | | | | | | | | | |

[illegible]

Table 18 : EC156 Mhlontlo - MBRR Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

[illegible]

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Table 18 : EC156 Mhlontlo - MBRR Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective | Goal | Go al Co de | R ef | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---------------------|------|-------------|------|-------------------|-------------------|-------------------|----------------------|------------------|---------------------|---|-------------------------|-------------------------|
| | | | | Audite d Outco me | Audite d Outco me | Audite d Outco me | Origina l Budget | Adjust ed Budget | Full Year Forec ast | Budg et Year 2012/13 | Budg et Year +1 2013/14 | Budg et Year +2 2014/15 |
| R thousand | | A | | | | | | | | | | |
| | | B | | | | | | | | | | |
| | | C | | | | | | | | | | |
| | | D | | | | | | | | | | |
| | | E | | | | | | | | | | |
| | | F | | | | | | | | | | |
| | | G | | | | | | | | | | |
| | | H | | | | | | | | | | |
| | | I | | | | | | | | | | |
| | | J | | | | | | | | | | |
| | | K | | | | | | | | | | |
| | | L | | | | | | | | | | |

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| | | | | | | | | | | | | |
|---------------------------------|--|---|---|---|---|---|---|---|---|---|---|---|
| | | M | | | | | | | | | | |
| | | N | | | | | | | | | | |
| | | O | | | | | | | | | | |
| | | P | | | | | | | | | | |
| Allocations to other priorities | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | 1 | - | - | - | - | - | - | - | - | - |

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information and in terms of the Municipal Systems Act, municipalities are required to prepare organisational performance management system (OPMS) that is linked to the IDP. Mhlontlo Municipality is currently in the process of finalising the OPMS and this has been incorporated into this IDP Process Plan. The PMS process will address the following issues:

- Alignment of the PMS, Budget and IDP processes;
- Implementation of individual performance management system at managerial level.

The IDP, OPMS and budget are all components of one overall development planning and management system. The IDP sets out what the municipality aims to accomplish, and how it will do this. The PMS enables the municipality to check the

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extent to which it is achieving its aims. The budget provides the resources that the municipality will use to achieve its aims.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 19 : EC156 Mhlontlo - MBRRTable SA7 Measureable performance objectives

| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|------------------------------|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Vote 1 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Vote 2 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |

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| | | | | | | | | | | |
|-------------------------------------|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Vote 3 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| <i>Insert measure/s description</i> | | | | | | | | | | |
| | | | | | | | | | | |
| And so on for the rest of the Votes | | | | | | | | | | |

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2.6 Performance indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 20 : EC156 Mhlontlo - MBRR Table SA8
Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <u>Borrowing Management</u> | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0 % | 0.0 % | 0.0 % |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0 % | 0.0 % | 0.0 % |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0 % | 0.0 % | 0.0 % |
| <u>Safety of Capital</u> | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0 % | 0.0 % | 0.0 % |
| <u>Liquidity</u> | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 0.5 | 1.3 | 1.6 | - | - | - | - | - | - | - |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 0.5 | 1.3 | 1.6 | - | - | - | - | - | - | - |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0.3 | 0.3 | 0.3 | - | - | - | - | - | - | - |
| <u>Revenue Management</u> | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 240.9 % | 1716.4 % | 14.6 % | 155.0 % | 122.5 % | 122.5 % | 0.0 % | 104.3 % | 104.6 % |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 241.2 % | 1750.8 % | 14.6 % | 155.0 % | 122.5 % | 122.5 % | 0.0 % | 104.3 % | 104.6 % |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 5.2% | 26.4 % | 35.9 % | 0.0% | 0.0% | 0.0% | 0.0% | 9.4 % | 9.8 % | 10.2 % |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| <u>Creditors Management</u> | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | -68.7% | - 52.1 % | - 264.7 % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0 % | 0.0 % | 0.0 % |
| <u>Other Indicators</u> | | | | | | | | | | | |

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| | | | | | | | | | | | |
|--|--|--------|--------|---------|--------|--------|--------|------|--------|--------|--------|
| Electricity Distribution Losses (2) | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Water Distribution Losses (2) | % Volume (units purchased and own source less units sold)/Total units purchased and own source | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 38.4% | 53.3% | 49.5% | 321.2% | 198.7% | 198.7% | 0.0% | 41.1% | 41.9% | 41.4% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 0.0% | 0.0% | 0.0% | 146.6% | 268.1% | 268.1% | | 51.7% | 52.6% | 52.0% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 0.0% | 0.0% | 0.0% | 74.1% | 31.1% | 31.1% | | 2.6% | 2.6% | 2.5% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| IDP regulation financial viability indicators | - | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 23.2 | 9.2 | - | - | - | - | - | 16.4 | 15.3 | 16.2 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 149.2% | 506.0% | 1689.0% | 0.0% | 0.0% | 0.0% | 0.0% | 145.7% | 151.5% | 163.7% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | (1.8) | (3.5) | (1.1) | 0.0 | 0.0 | 0.0 | - | 0.4 | 0.7 | 1.4 |

Borrowing Management : Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. Mhlontlo has limited the funding of its capital program to capital grants receivable and use of own revenue in the 2012/2013 MTREF

2.7 Overview of budget related policies

2.8 Councillor and Employee related cost

Table 21 : EC156 Mhlontlo - MBRR Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| | | Audited Outcome | Audited Outcome | Audited Outcome | | | | | | |
| R thousand | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other) | 1 | A | B | C | D | E | F | G | H | I |
| Basic Salaries and Wages | | | | | 9 188 | 5 353 | 5 353 | 5 140 | 5 499 | 5 912 |
| Pension and UIF Contributions | | | | | 59 | 2 385 | 2 385 | 2 860 | 3 060 | 3 290 |

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| | | | | | | | | | |
|--|---|---|---|---------------|---------------|---------------|---------------------|---------------|---------------|
| Medical Aid Contributions | | | | 788 | 945 | 945 | 899 | 961 | 1 034 |
| Motor Vehicle Allowance | | | | 1 108 | 2 806 | 2 806 | 2 875 | 3 077 | 3 307 |
| Cellphone Allowance | | | | 658 | 680 | 680 | 647 | 693 | 744 |
| Housing Allowances | | | | | 18 | 18 | | | |
| Other benefits and allowances | | | | | 20 | 20 | | | |
| Sub Total - Councillors | | | | 11 801 | 12 207 | 12 207 | 12 421 | 13 290 | 14 287 |
| % increase | 4 | - | - | - | 3.4% | - | 1.8% | 7.0% | 7.5% |
| Senior Managers of the Municipality | 2 | | | | | | | | |
| Basic Salaries and Wages | | | | 3 236 | 3 262 | 3 262 | 3 257 | 3 501 | 3 764 |
| Pension and UIF Contributions | | | | 453 | 445 | 445 | 482 | 519 | 557 |
| Medical Aid Contributions | | | | 280 | 241 | 241 | 177 | 190 | 205 |
| Overtime | | | | | | | | - | - |
| Performance Bonus | | | | | | | | - | - |
| Motor Vehicle Allowance | 3 | | | 701 | 697 | 697 | 478 | 514 | 553 |
| Cellphone Allowance | 3 | | | 168 | 168 | 168 | 161 | 173 | 186 |
| Housing Allowances | 3 | | | 193 | 179 | 179 | 108 | 116 | 125 |
| Other benefits and allowances | 3 | | | | 32 | 32 | 39 | 42 | 45 |
| Payments in lieu of leave | | | | | | | | | |
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | |
| Sub Total - Senior Managers of Municipality | | - | - | 5 031 | 5 023 | 5 023 | 4 703 (6.4%) | 5 056 | 5 435 |
| % increase | 4 | - | - | - | (0.2%) | - | | 7.5% | 7.5% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | | | | | 18 513 | 18 513 | 22 761 | 24 467 | 26 286 |
| Pension and UIF Contributions | | | | | 2 116 | 2 116 | 4 089 | 4 394 | 4 720 |
| Medical Aid Contributions | | | | | 1 903 | 1 903 | 5 917 | 6 355 | 6 825 |
| Overtime | | | | | 693 | 693 | 371 | 399 | 429 |
| Performance Bonus | | | | | - | - | - | - | - |
| Motor Vehicle Allowance | 3 | | | | 2 286 | 2 286 | 3 788 | 4 071 | 4 376 |
| Cellphone Allowance | 3 | | | | 301 | 301 | 620 | 666 | 715 |
| Housing Allowances | 3 | | | | 1 298 | 1 298 | 1 694 | 1 819 | 1 954 |
| Other benefits and allowances | 3 | | | | 2 810 | 2 810 | 4 078 | 4 366 | 4 687 |
| Payments in lieu of leave | | | | | | | 200 | 215 | 231 |
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | |
| Sub Total - Other Municipal Staff | | - | - | - | 29 920 | 29 920 | 43 518 | 46 753 | 50 222 |
| % increase | 4 | - | - | - | - | - | 45.4% | 7.4% | 7.4% |
| Total Parent Municipality | | - | - | 16 833 | 47 151 | 47 151 | 60 642 | 65 099 | 69 944 |
| Board Members of Entities | | - | - | - | 180.1% | - | 28.6% | 7.3% | 7.4% |
| Basic Salaries and Wages | | | | | | | | | |
| Pension and UIF Contributions | | | | | | | | | |
| Medical Aid Contributions | | | | | | | | | |
| Overtime | | | | | | | | | |
| Performance Bonus | | | | | | | | | |
| Motor Vehicle Allowance | 3 | | | | | | | | |
| Cellphone Allowance | 3 | | | | | | | | |
| Housing Allowances | 3 | | | | | | | | |
| Other benefits and allowances | 3 | | | | | | | | |
| Board Fees | | | | | | | | | |
| Payments in lieu of leave | | | | | | | | | |

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| | | | | | | | | | |
|--|---|---|---|---|--------|--------|--------|--------|--------|
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | |
| Sub Total - Board Members of Entities | | - | - | - | - | - | - | - | - |
| % increase | 4 | | - | - | - | - | - | - | - |
| Senior Managers of Entities | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | |
| Pension and UIF Contributions | | | | | | | | | |
| Medical Aid Contributions | | | | | | | | | |
| Overtime | | | | | | | | | |
| Performance Bonus | | | | | | | | | |
| Motor Vehicle Allowance | 3 | | | | | | | | |
| Cellphone Allowance | 3 | | | | | | | | |
| Housing Allowances | 3 | | | | | | | | |
| Other benefits and allowances | 3 | | | | | | | | |
| Payments in lieu of leave | | | | | | | | | |
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | |
| Sub Total - Senior Managers of Entities | | - | - | - | - | - | - | - | - |
| % increase | 4 | | - | - | - | - | - | - | - |
| Other Staff of Entities | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | |
| Pension and UIF Contributions | | | | | | | | | |
| Medical Aid Contributions | | | | | | | | | |
| Overtime | | | | | | | | | |
| Performance Bonus | | | | | | | | | |
| Motor Vehicle Allowance | 3 | | | | | | | | |
| Cellphone Allowance | 3 | | | | | | | | |
| Housing Allowances | 3 | | | | | | | | |
| Other benefits and allowances | 3 | | | | | | | | |
| Payments in lieu of leave | | | | | | | | | |
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | 6 | | | | | | | | |
| Sub Total - Other Staff of Entities | | - | - | - | - | - | - | - | - |
| % increase | 4 | | - | - | - | - | - | - | - |
| Total Municipal Entities | | - | - | - | - | - | - | - | - |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | - | - | - | 16 833 | 47 151 | 47 151 | 60 642 | 65 099 |
| % increase | 4 | | - | - | - | 180.1% | - | 28.6% | 7.3% |
| TOTAL MANAGERS AND STAFF | 5 | - | - | - | 5 031 | 34 944 | 34 944 | 48 222 | 55 808 |

[illegible]

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| | | | | | | | | |
|---|---|----|-----------|-----------|-----------|---|--|------------|
| | | | | | | | | - |
| | | | | | | | | - |
| Total for municipal entities | 8 | - | - | - | - | - | | - |
| | | | | | | | | |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | | 52 | 5 139 569 | 3 486 329 | 2 905 665 | - | | 11 531 563 |

2.9 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget & Treasury Office.

The following is the list of contracts

Table 23 : EC156 Mhlontlo - MBRR Table SA32 List of external mechanisms

| External mechanism | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
|----------------------|--------------|---------------------------|------------------|--|---|
| Name of organisation | | Number | | | R thousand |
| | | | | | |

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2.10 Municipal Manager's Quality Certificate

I, Yolisa Ndimma , Municipal Manager of Mhlontlo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Y. Ndimma (Ms)

Municipal Manager of Mhlontlo Municipality (EC 156)

.....
Signature

.....
Date